

Message Text

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44

ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ISO-00 EB-11 COME-00 INT-08

SCEM-02 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-13 OMB-01 TRSE-00 DRC-01 /174 W

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FM USINT BAGHDAD

TO SECSTATE WASHDC 516

INFO AMEMBASSY ANKARA

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

AMEMBASSY TRIPOLI

C O N F I D E N T I A L BAGHDAD 0473

EO 11652: GDS

TAGS: ENRG IZ

SUBJ: IRAQI OIL POLICY

REF: BAGHDAD 469

1. MINPET HAMMADI'S COMMENTS ON NECESSITY OF REVISING TEHRAN
DEVELOPMENT(REFTEL)IS ONE OF RARE GOI COMMENTS ON RECENT OIL
DEVELOPMENTS. LIBYAN NATIONALIZATIONS RECEIVED ONLY
BRIEF

FACTUAL TREATMENT IN PRESS, AS DID KING FEISAL'S NEWSWEEK AND
AL-HAWADI INTERVIES. I FACT, SEP 6 OFFICIAL
AL-JUMHURIYA IGNORED INTERVIEWS AND ATTACKED SAUDI RULERS FOR
OBSTRUCTING USE OF OIL AS WEAPON AND CALLED FOR STRIKING AT
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U.S. INTERSTS. IT SUGGESTED MOVES AGAINST ARAB "REACTIONARIES"

IS ONE WAY OF DOING SO.

2. COMMENT: ANTIPATHY TOWARD QADDAHFI AND FEISAL ASIDE, ABSENCE OF COMMENT ON MAJOR OIL DEVELOPMENTS NOT SURPRISING IN VIEW OF CONFLICTING OBJECTIVES OF IRAQ'S POLICY. ON ONE HAND, BAATH REGIME CALLS FOR NATIONALIZATION AND USE OF OIL AS WEAPON AGAINST U.S. TO DEMONSTRATE ITS RADICALISM AND DISARM RIVALS. ON OTHER HAND, GOI ACTIONS OF PAST SIX MONTHS CLEARLY DEMONSTRATE THAT PRIMARY ECONOMIC GOAL IS TO INCREASE OIL PRODUCTION AS RAPIDLY AS POSSIBLE. CURRENT PLANS PROJECT INCREASE FROM 84MTA IN 1971 TO 170MTA BY 1976. BPC IS CONTINUING TO RECEIVE EXCEPTIONALLY GOOD COOPERATION FROM GOI IN CARRYING OUT ITS PRODUCTION EXPANSION. ACCORDING TO LOCAL BPC REP, NEITHER GOI NOR BPC HAS EVEN BROACHED SUBJ OF PARTICIPATION NEGOTIATIONS THAT WERE PROJECTED TO BEGIN IN SEP. BECHTEL, WHICH IS CONSTRUCTION BPC'S ZUBAIR-FAO PIPELINE, IS BEING PERMITTED TO IMPORT SOME EQUIPMENT TEMPORARILY AND WITHOUT CUSTOM DUTIES, AN EXCEPTIONAL PRACTICE IN IRAQ.

3. ACCORD WITH TURKEY FOR NEW PIPELINE, OFFER OF LARGE AREAS FOR EXPLORATION UNDER SERVICE CONTRACTS WITHOUT ASKING FOR BONUSES, REPORTED 100 MIL DOLLAR LOAN FROM JAPAN, AND VIRTUAL REMOVAL OF IMPORT RESTRICTIONS ON TRADE WITH U.S. AND FRG ARE ALL FURTHER EVIDENCE OF GOI EFFORT TO CLEAR DECKS FOR RAPID INCREASE IN OIL PRODUCTION.

4. UNLIKE SOME OF GULF STATE, IRAQ NEEDS AND CAN USE ALL OF PROJECTED INCREASE IN OIL REVENUES. BARRING INTERNAL POLITICAL UPHEAVAL OR MAJOR EXTERNAL CRISIS, THEREFORE, IT IS EXPECTED THAT GOI WILL PURSUE INDEPENDENT AND RELATIVELY CAUTIOUS OIL POLICIES DOMESTICALLY REGARDLESS OF WHAT IT CONTINUES TO ADVOCATE FOR OTHERS.
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